

Registry

UNITED NATIONS DEVELOPMENT PROGRAMME

Programme of Assistance to the Palestinian People

PROJECT DOCUMENT

Number: PAL/02/J32/A/53/31

Title: Support for implementation of KfW and USAID programmes

Duration: 30 Months

Project Site: West Bank and Gaza Strip

ACC/UNDP Sector: 1500
Sub-sector: 1520

Local implementing Institution: UNDP/PAPP

Beneficiary: Unemployed workers, general population of the West Bank and Gaza Strip

Trust Fund	
UNDP:	US\$ 298,296
SPR-PAPP	US\$
Other:	US\$
Trust Fund:	
Programme Amount	US\$ 276,200
Support Cost	US\$ 22,096
Total Contribution	US\$ 298,296

Executing Agency: United Nations Development Programme (UNDP-PAPP)

Estimated Starting Date: September 2002

This project aims at supporting the implementation of two Emergency Employment Generation Programmes funded by the KfW and the USAID, contributing towards the creation of jobs for unemployed workers from the West Bank and the Gaza Strip that lost their sources of income due to the intense political turmoil the area is witnessing. The Grant will contribute to activities that will improve social and economic infrastructure while improving the income situation of the households. The overall aim is to ensure successful and professional implementation of the two programmes that aim at sustaining an acceptable basic livelihood and living conditions for an expanded number of vulnerable members of the community that are severely affected by present economic and political situation. The implementation will be fully supervised by UNDP-PAPP in partnership with Palestinian institutions.


On behalf of

Signature

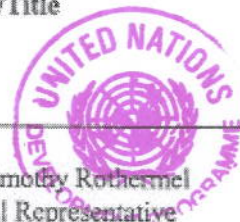
Date

Name/Title

United Nations
Development Programme

 11/09/02

Mr. Timothy Rothermel
Special Representative



United Nations Official exchange rate at date of signature of project document:

1 US\$ = 4.60 NIS
1 US\$ = 1.015 EURO

United Nations Development Programme

Programme of Assistance to the Palestinian People

برنامج الأمم المتحدة الإنمائي / برنامج مساعدة الشعب الفلسطيني



Interoffice
Memorandum

To: Timothy Rothermel
Special Representative

Date: 06 September 2002

From: Lana Abu-Hijleh
Head of Environment Infrastructure and Employment
Generation Unit

Extension: 265

Subject: Interest Income

File: PAL/02/J32

You are kindly requested to provide your approval for the utilization of US\$ 298,296 of Interest Income Funds for the Project PAL/02/J32 - Support for implementation of KiW and USAID programmes, as detailed in the attached Project Document.

For PSU use:

Amount Interest Income Funds

US\$ 298,296

DAC

For Directorate use:

Approved / Disapproved:

Signature:

Lana Abu-Hijleh

Date:

11/09/02

A. Context

The measures taken by the Israeli Government to put an end to the Palestinian Uprising that started end of September 2000 are in various forms. In addition to the use of extensive force against the Palestinian protestors, a number of harsh measures have been taken that affected negatively the economic situation in the West Bank and Gaza Strip. The use of deadly weaponry has led to the killing of more than 1500 Palestinians, 20,000 injured, over 3000 with permanent disabilities. The economic measures revealed themselves in more than one form:

- a. The imposition of a very strict closure on the Palestinian Territories forbidding the movement of people and goods within the areas, as well as between the Palestinian Territories (PT) and Israel and the PT and neighbouring Arab Countries;
- b. Preventing Palestinian Labourers that depend on work in Israel, estimated at 125,000 (both registered and non registered) from entering Israel;
- c. Stopping the transfer of custom and Value Added Tax (VAT) funds collected by Israel to the Palestinian Authority (PA). These funds, estimated at US\$ 20 millions per month, are a major component of the PA yearly budget utilized particularly to cover the salaries of a large public service sector. Approximately 70,000 people are part of the PA civil servants sector;

The impacts of the above mentioned measures are devastating to the Palestinian People at more than one level.

Firstly, the loss of human life and the levels of injuries. The short and long term psychological effects at the levels of the individual, family and community cannot be underestimated. Additionally, the economic impact at the family level including the loss of present or future income earners and the present and future treatment costs. Further, at the national level, the over-stretching of the Palestinian Health Institutions (governmental and non-governmental) already limited resources.

Secondly, the devastation caused to many private and public properties. The use of artillery power, helicopter gunships, as well as F16 warplanes to shell Palestinian Areas in the WB&GS resulted in great devastation to numerous houses, public buildings including schools, hospitals and clinics, as well as factories and farms. Further, the policy of clearing planted areas, for security pretences, resulted with the uprooting of thousands of trees and plants.

Thirdly, the economic losses due to the closures have also immediate as well as long term implications, depending on the sector.

The first immediate result is the sharp increase in the unemployment rates following the 7th of October 2000 closure reaching to 32% in the WB and to 45% in the GS. The total losses of income of the Palestinian workers that used to work in Israel due to the closure is estimated at USD 3.4 million per day, according to a recent study prepared by the United Nations Special Coordinator in the Palestinian Areas (UNSCO).

The restriction on the flow of commodities and materials resulted in marked slowdown in the construction industry in the WB and GS. However, more in the GS where construction material including cement and aggregates are almost not available. Additionally, the absence of basic raw materials needed by many factories in the WB&GS slowed down the production process in many locations, if not seized it completely. Added to that the disruption of the entire exporting process of manufactured goods as well as agriculture produce. The almost total collapse in the economic production cycle lead to closures of many local factories, businesses and farms and the release of thousands of workers probably bringing the unemployment rates to levels higher than the reported ones.

In general, the situation at hand and the continuation of the Israeli imposed economic measures is having and will continue to have dire consequences for the Palestinian economy with declining production, hindered trade and sharply rising unemployment and poverty rates. A World Bank paper looking into the impact of the prolonged closure of the Territories on Palestinian Poverty issued on 1 November 2000 assumes different scenarios based on the levels of the internal and external closures. Even under a medium case scenario assuming some ease in the closure in the PT Over 35% of the population will fall under the Poverty Line. The situation is already leading to a sharp decline in household incomes and in the reverse multiplier effect of reducing domestic purchases of goods and services and therefore further lower income and unemployment in all sectors.

To further compound the effects of the situation, the daily work pattern employed by most of the labour force in the WB&GS means the workers depend on daily wages that originally were not sufficient for sustaining their family needs. Hence, savings are minimal reducing the period of survival without income to the minimum. With over fifty days of closures, thousands of families are at the risk of hunger and immediate measures have to be taken. This situation is requiring the Palestinian Authority to raise spending on social assistance at a time when its revenue base is being eroded.

In light of the unfortunate situation facing the Palestinian People and Authority international support is extremely and urgently required to assist in relieving some of the negative effects of the situation. The main objectives of the assistance are to provide employment to the maximum number of the unemployed workers feasible, to enable them to secure the minimum level of survival requirements for their families. A second objective would be, to the maximum extent feasible, employ the workers in sustainable activities that would contribute to the developmental process that was gaining good momentum in the past few years.

In this framework, the UNDP/PAPP has accepted to implement two programmes respectively on behalf of the German Kreditanstalt für Wiederaufbau (KfW) and the United States Agency for International Development (USAID).

The project proposed to and granted by the KfW aims at creating the maximum number of employment opportunities for unemployed workers from the West Bank and the Gaza Strip that lost their sources of income due to the latest political turmoil the area is

witnessing. It also aims at the restoration, rehabilitation and upgrading of the infrastructure and facilities destroyed in the recent clashes. Additionally, it targets a number of sectors with potential to absorb high numbers of labourers, prioritizing the interventions in accordance with the following considerations: the sustainability of the activities selected, existing constraints presently impeding the work and production cycle in many sectors particularly lack of materials in Gaza, various available implementation mechanisms to ensure the highest absorption capacity, and distribution of works to reach the most severely hit areas during the last period. The project is totally in line with the Palestinian Authority emergency programmes developed to respond to the recent crisis. The implementation will be fully supervised by UNDP in partnership with capable Palestinian institutions.

The Poverty Oriented Employment Generation Programme Through Economic and Social Infrastructure Development, TASHGHIL ("Putting People to Work," in Arabic) was submitted to and granted by the U.S. Agency for International Development (USAID), under the USAID JOBS programme; Job Opportunities through Basic Services. TASHGHIL responds directly to USAID's goal of generating emergency employment opportunities while increasing access to basic social services in Palestinian communities. The main goal of TASHGHIL is to alleviate poverty, generate employment and improve access to basic social services in impoverished Palestinian communities through labour-intensive social development, while providing long-term impact through human development programs that will benefit children, youth, women and other marginalized segments of the population.

Both programmes as described above are funded from emergency funds of the two donors and will for their implementation need financial support from UNDP which is the objective of the project under subject.

B. Project Justification

B1. Problems to be addressed

The pressure to expand the range of services provided by UNDP to the Palestinian People under these emergency circumstances while implementing projects and programmes that are funded with emergency budgets of donors requires flexibility in logistical and financial management of project implementation. In addition higher demands on the recruitment of the human resources needed to be able to implement the ambitious programmes at the usual professional level UNDP/PAPP has set as a standard have to be taken into account. Under the present situation in which heavy closures and long curfews are imposed it is a main priority to decrease the dependency on mobility for implementation of projects directed to the relief of the hardships the Palestinian people are faced with since the past two years.

Most Donors are not willing to support operational costs of UNDP itself arguing that the AOS would cover for these expenses. However the situation poses the UNDP with continuously increasing demands on locally recruited staff, mobility, decentralization of

the computer system, offices etc. The project will enable UNDP PAPP to meet the above described complexities of project design and implementation.

B2. Project Beneficiaries

The beneficiaries of this project will be the beneficiaries as were defined for the two programmes that will be supported through the project, which are the unemployed people who lost their jobs due to the imposed closure on the PT that prevented people from reaching their work places inside Israel and led to the freezing or canceling of thousands of jobs within the Territories. The KfW program will approximately create 209,324 workdays over an eighteen- month period adopting a minimum wage of US\$ 12/day, while TASHGHIL will provide approximately 392,000 workdays for skilled and unskilled workers. This direct employment, although short term, will reduce the poverty level in the benefiting communities and revive the local economic activities.

Other beneficiaries include:

- The families of the unemployed workers who will have their living sustained due to the income, although minimal, to be generated by their household heads.
- The Palestinian public institutions and NGO's working in the field of health and education plus the various municipalities and village councils and camps.
- The Palestinian residents of the WB and GS as well as the PA as the socio-economic conditions will improve forbidding the deterioration of the social and security formation.
- The residents and users of the destroyed or deteriorated facilities that will be restored under the programme.

B3. Project strategy and implementation arrangements

The project strategy will be to provide support to the above described high priority Emergency Programs in the field of Employment Generation through the provision of equipment, maintenance and insurances for vehicles, offices, logistical support and human resources.

UNDP/PAPP will be fully responsible for executing and implementing activities that will be implemented under this project, which among others will involve competitive bidding and tendering procedures for items to be procured, transparent application procedures for any staff to be recruited and financial management of all funds through the international financial systems of UNDP.

B4. Reasons for assistance from UNDP

1. Supporting the two described Emergency Programmes will enable UNDP/PAPP to implement them at the high professional standards UNDP/PAPP has set during the past 23 years, which will enhance the trust UNDP/PAPP enjoys from the donors and the good name UNDP/PAPP has in the Palestinian Development Scene.
2. The two programmes supported address the most urgent needs the Palestinian People are faced with under this emergency situation and have a direct bearing on the major objectives of UNDP/PAPP, they will assist in the social and economic development of the Palestinian people and will have an impact on poverty and social welfare through an employment generation strategy;.
3. UNDP/PAPP has played a key role in the field of job creation during the previous times of imposed closures that also lead to sharp increases in unemployment rate, which has rendered it one of the most credible organisations working in this field;
4. The UNDP/PAPP managerial, financial and technical staff has gained a considerable level of experience in managing employment generation projects and are familiar with the PA organisations procedures regulations and work environment;
5. UNDP/PAPP remains fully involved in supporting the development of the physical and social infrastructure in the PT and consider these Programmes an extension of such support;
6. The immunities and privileges of the UNDP as and United Nations Organisation enable it to continue to operate with certain freedom despite some of the constraints and logistical difficulties. Due to the fact that operation of many organisations, including Palestinian ones, were almost paralyzed following the closure, the UNDP support is critically needed.
7. Over 22 years of support to the Palestinian People under varying circumstances puts the UNDP in a unique position to fully understand the situation, its implications, institutional needs and respond to them with a high degree of flexibility and responsiveness. The UNDP rules and regulations and modus operandi allow it to assume such a position.

C Project objectives:

The project objective is to ensure high level implementation standards for the two ambitious Emergency Programmes funded by the KfW and USAID that were launched in the summer of 2002, through providing financial support towards the procurement of equipment, provision of offices, logistical assistance and human resources.

The indirect project development objective is to create the maximum number of job opportunities for unemployed Palestinian workers in the process of restoring and

rehabilitating the damaged and depilated infrastructure. The overall aim is sustaining an acceptable basic livelihood and living environment for an expanded number of vulnerable members of the community that are severely effected by the present economic and political situation.

D. Project Review and Reporting

Progress reports for both supported programmes will be prepared on a regular basis which will be available in the project files. These will cover the progress achieved under the supported programmes and thus provide the needed information on the activities supported by the project. Financial reports on the project will be prepared and submitted on a bi-annual basis.

E. Inputs

The KfW generously contributed US\$ 11,834,052 towards the implementation of the Emergency Response Programme, Poverty Oriented Infrastructure and the Restoration of Hebron Old City, while the USAID will generously contribute US\$ 15 Million for the implementation of TASHGHIL, The Poverty Oriented Employment Generation Programme through Economic and Social Infrastructure Development.

To ensure successful completion of these programmes and a professional and high level of implementation standards, UNDP will contribute US\$ 298,296 as detailed in the table below:

Description	Amount (US\$)
KfW Human Resources, support for Project Management	60,000
KfW Miscellaneous including fuel, maintenance and insurances of cars, communication, publicity etc.	35,000
Total KfW	95,000
USAID UNV's (2 for 22 months)	66,000
Vehicles fuel, maintenance and insurance	60,000
Communication costs	48,000
Stationary	7,200
Total USAID	181,200
<i>Subtotal</i>	<i>276,200</i>
<i>AOS @ 8%</i>	<i>22,096</i>
Grand Total	298,296



United Nations Development Programme
PAL/02/32 - Support for Implementation of JFW & USAID
Budget "A"

Main Source of Funds: 53 - UNDP/APP Trust Funds
Executing Agency: UNOPS - UNDP Office for Project Services

SBLN	Description	Implementing	Funding	Total	2002	2003	2004	2005
010.	PERSONNEL							
014.	UN Volunteers	UNOPS						
014.01	UNVs Engineer			Net Amount Total	6,000 6,000	36,000 36,000	24,000 24,000	
014.99	Line Total			Net Amount Total	6,000 6,000	36,000 36,000	24,000 24,000	
017.	National Consultants	UNOPS						
017.01	Local Staff			Net Amount Total	7,500 7,500	52,500 52,500	24,000 24,000	
017.99	Line Total			Net Amount Total	7,500 7,500	52,500 52,500	24,000 24,000	
019.	PROJECT PERSONNEL TOTAL			Net Amount Total	13,500 13,500	88,500 88,500	48,000 48,000	
020.	CONTRACTS							
021.	Contract A	UNOPS						
021.01	Sub Contract			Net Amount Total	30,000 30,000	20,000 20,000	10,000 10,000	
021.99	Line Total			Net Amount Total	30,000 30,000	20,000 20,000	10,000 10,000	
029.	SUBCONTRACTS TOTAL			Net Amount Total	30,000 30,000	20,000 20,000	10,000 10,000	
040.	EQUIPMENT							
045.	Equipment	UNOPS						
045.01	Equipments & Operations			Net Amount Total	25,000 25,000	15,000 15,000	10,000 10,000	
045.99	Line Total			Net Amount Total	25,000 25,000	15,000 15,000	10,000 10,000	



United Nations Development Programme
 PAL020332 - Support for Implementation of -KFW & USAID

Budget - A*

Main Source of Funds: 53 - UNDP/PAAPP Trust Funds
 Executing Agency: UNOPS - UNDP Office for Project Services

SBLN	Donor	Funding	Total	2002	2003	2004	2005
999	NET CONTRIBUTION	Net Contrib. Total	298,256 298,256	36,180 36,180	273,180 273,180	90,936 90,936	0 0